

Agency:	107 Health Care Authority
Decision Package Code/Title:	PL-EM Eliminate Small & Non Rural IA DSH
Budget Period:	2012 Supplemental
Budget Level:	PL - Performance Level

Fiscal Detail/Objects of Expenditure

	FY 2012	FY 2013	Total
1. Operating Expenditures:			
Fund 001-1 General Fund State	\$ (6,570,000)	\$ (6,570,000)	\$ (13,140,000)
Fund 001-2 GF-Federal - Basic	\$ -	\$ -	\$ -
Fund 001-C GF-Federal - Medicaid	\$ (6,570,000)	\$ (6,570,000)	\$ (13,140,000)
Fund 001-7 GF-Private/Local	\$ -	\$ -	\$ -
Fund 418-1 HCA Admin Account	\$ -	\$ -	\$ -
Total	\$ (13,140,000)	\$ (13,140,000)	\$ (26,280,000)
2. Staffing:			
Total FTEs	-	-	-
3. Objects of Expenditure:			
A - Salaries And Wages	\$ -	\$ -	\$ -
B - Employee Benefits	\$ -	\$ -	\$ -
C - Personal Service Contracts	\$ -	\$ -	\$ -
E - Goods And Services	\$ -	\$ -	\$ -
G - Travel	\$ -	\$ -	\$ -
J - Capital Outlays	\$ -	\$ -	\$ -
N - Grants, Benefits & Client Services	\$ (13,140,000)	\$ (13,140,000)	\$ (26,280,000)
Other (specify) -	\$ -	\$ -	\$ -
Total	\$ (13,140,000)	\$ (13,140,000)	\$ (26,280,000)
4. Revenue:			
Fund 001-2 GF-Federal - Basic	\$ -	\$ -	\$ -
Fund 001-C GF-Federal - Medicaid	\$ (6,570,000)	\$ (6,570,000)	\$ (13,140,000)
Fund 001-7 GF-Private/Local	\$ -	\$ -	\$ -
Fund 418-1 HCA Admin Account	\$ -	\$ -	\$ -
Total	\$ (6,570,000)	\$ (6,570,000)	\$ (13,140,000)

Recommendation Summary Text

Health Care Authority (HCA) requests spending reductions totaling -\$13,140,000 (-\$6,570,000 GF-State) in Fiscal Year 2012 and -\$13,140,000 (-\$6,570,000 GF-State) in Fiscal Year 2013 that would result from elimination of the following Disproportion Share Hospital (DSH) programs effective January 1, 2012.:

Program:	Fiscal Year 2012:	Fiscal Year 2013:
Small Rural Indigent Assistance DSH:	-\$665,000 GF-State	-\$665,000 GF-State
Non-Rural Indigent Assistance DSH:	-\$5,905,000 GF-State	-\$5,905,000 GF-State

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Package Description

This reduction will eliminate the Small Rural Indigent Assistance and the Non-Rural Indigent Assistance Disproportionate Share Hospital programs effective January 1st, 2012. These two programs provide the non-CPE hospitals, which qualify for DSH, with supplemental payments that are distributed based on the amount of charity care they provide. Hospitals with a lower profit margin and/or more charity care are generally entitled to receive more funding. The funding paid out under each program is determined by the amount the legislature appropriates. This reduction is in response to the request for a ten percent across-the-board reduction plan.

Questions related to the fiscal portion of this decision package should be directed to Ken Lee at (360) 725-1275 or ken.lee@hca.wa.gov.

Questions related to the programmatic portion of this package should be directed to Sandy Stith at (360) 725-1949 or sandy.stith@hca.wa.gov.

Narrative Justification and Impact Statement

This proposal is intended to meet the Governor's request for agencies to submit plans for 10 percent reductions as a result of expected revenue shortfall for the 2011-13 Biennium.

What specific performance outcomes does the agency expect?

This reduction package identifies savings in response to instructions provided by the Office of Financial Management (OFM) for the 2012 Supplemental Budget.

Performance Measure Detail

This reduction decision package will eliminate Small Rural Indigent Assistance DSH and Non-Rural Indigent Assistance DSH, effective January 1, 2012 and save -\$26,280,000 (-\$13,140,000 GF-State).

Activity: H023 Disproportionate Share Hospital/Proshare

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

Yes. This package will assist the department in meeting the targeted reductions as identified by OFM.

Does this decision package provide essential support to one of the Governor's priorities?

Yes. This package assists the department in implementing changes to meet the reduction targets identified by OFM as part of the 2012 Supplemental Budget and keeping the state's budget balanced.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government (POG) process?

Yes. This package assists the department in implementing changes to meet the reduction targets identified by OFM as part of the 2012 Supplemental Budget.

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What are the other important connections or impacts related to this proposal?

Hospitals will not support this proposal, as they will receive less funding to cover their uninsured clients, but the state is not required to pay for the uninsured population. The hospitals will still have the opportunity to receive funding through the remaining DSH programs.

What alternatives were explored by the agency, and why was this alternative chosen?

None, as this an optional program, and is needed to achieve general fund state savings towards the Governor's 5% and 10% budget reduction targets. All of the DSH programs were looked at as possible ways to save state dollars. The Low Income DSH program is required in order to have a DSH program at all, and it has already been cut by 40%. The remaining DSH programs either have no GF-Sate associated with them, or they currently save the state money by allowing federal DSH funds to be claimed on state only programs. Eliminating the SRIA and NRIA DSH programs will result in the greatest savings of GF-State.

What are the consequences of not funding this package?

The department will not be able to meet its budget reduction targets.

What is the relationship, if any, to the state capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

A State Plan Amendment would be required.

Expenditure and revenue calculations and assumptions.

Revenue Calculations and Assumptions:

Not applicable.

Expenditure Calculations and Assumptions:

The expenditures reduction for SRIA and NRIA DSH come from the amounts that were originally appropriated by the legislature.

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Medicaid 11-13 Bien enacted budget (DSH program ML budget)				
	FY 12		FY 13	
	State	Federal	State	Federal
Non-Rural IA	\$ 9,842,000	\$ 9,842,000	\$ 9,842,000	\$ 9,842,000
Small Rural IA	\$ 1,108,000	\$ 1,108,000	\$ 1,108,000	\$ 1,108,000
LI DSH	\$ 7,101,740	\$ 7,101,740	\$ 7,101,740	\$ 7,101,740
Total	\$18,051,740	\$18,051,740	\$ 18,051,740	\$ 18,051,740
Medicaid 11-13 Bien enacted budget (DSH program PL reduction)				
40% Reduction	FY1 State	FY1 Federal	FY2 State	FY2 Federal
Non-Rural IA	\$ (3,937,000)	\$ (3,937,000)	\$ (3,937,000)	\$ (3,937,000)
Small Rural IA	\$ (443,000)	\$ (443,000)	\$ (443,000)	\$ (443,000)
LI DSH	\$ (2,841,000)	\$ (2,841,000)	\$ (2,840,000)	\$ (2,840,000)
	(7,221,000)	(7,221,000)	(7,220,000)	(7,220,000)
Medicaid 11-13 Bien enacted budget (DSH proviso)				
New proposed reduction	FY1 State	FY1 Federal	FY2 State	FY2 Federal
Non-Rural IA	\$ 5,905,000	\$ 5,905,000	\$ 5,905,000	\$ 5,905,000
Small Rural IA	\$ 665,000	\$ 665,000	\$ 665,000	\$ 665,000
	\$ 6,570,000	\$ 6,570,000	\$ 6,570,000	\$ 6,570,000

The following are the current levels of funding as appropriated by the legislature:

DSH Program	Source of Funds	FY2012	FY2013	Total
Low Income DSH	001-1 General Fund - State	\$4,261,000	\$4,261,000	\$8,522,000
	001-C General Fund - Federal	\$4,261,000	\$4,261,000	\$8,522,000
Small Rural IA DSH	001-1 General Fund – State	\$665,000	\$665,000	\$1,330,000
	001-C General Fund – Federal	\$665,000	\$665,000	\$1,330,000
Non-Rural IA DSH	001-1 General Fund – State	\$5,905,000	\$5,905,000	\$11,810,000
	001-C General Fund – Federal	\$5,905,000	\$5,905,000	\$11,810,000
Small Rural DSH	16W Hospital Safety Net Fund – State	\$1,909,200	\$1,909,200	\$3,818,400
	001-C General Fund - Federal	\$1,909,200	\$1,909,200	\$3,818,400
CHP DSH	001-1 General Fund – State	\$704,000	\$726,000	\$1,430,000
	001-C General Fund - Federal	\$704,000	\$726,000	\$1,430,000
MCS DSH*	001-1 General Fund – State	\$4,350,000	\$4,350,000	\$8,700,000
	001-C General Fund – Federal	\$4,350,000	\$4,350,000	\$8,700,000
IMD DSH	001-1 General Fund - Federal	\$125,000,000	\$125,000,000	\$250,000,000
Public Hospital DSH	001-C General Fund - Federal	\$99,992,000	\$101,770,000	\$201,762,000

* This is a claim-based program, and the funding level is an estimate based on prior years

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Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Distinction between one-time and ongoing costs:

This proposal assumes this would be an ongoing reduction.

Budget impacts in future biennia:

This proposal assumes this would be an ongoing reduction.